

Contra Costa County

County Administrator's Office • 651 Pine Street • Martinez, CA 94553

Media Release

FOR IMMEDIATE RELEASE

Tuesday, June 26, 2007

Contact: John Cullen Phone: (925) 335-1085

Lisa Driscoll

Phone: (925) 335-1023

BOARD OF SUPERVISORS DEDICATES \$588 MILLION TO OPEB SETS FUNDING TARGET OF 100% OF CURRENT RETIREE HEALTH CARE LIABILITY

MARTINEZ, CONTRA COSTA COUNTY— As Counties across the state and indeed the nation wrestle with the ever increasing costs of health coverage for retirees, Contra Costa County may be the first to set a funding target to address its OPEB, or Other Post Employment Benefits, liability. On Tuesday, June 26, 2007, the Contra Costa County Board of Supervisors took action to resolve its responsibility for retiree liability that could potentially surpass \$2.6 billion. The Board of Supervisors approved the following six motion items:

- 1. ACKNOWLEDGE that the March 1, 2007 report to the Finance Committee defines and describes the OPEB liability for Contra Costa County;
- 2. ACKNOWLEDGE that significant progress has been made on developing a strategic plan to address the County's OPEB liability;
- 3. RECEIVE report from the OPEB Task Force;
- 4. ADOPT OPEB funding target of 100% of the potential liability for the retiree population;
- 5. ADOPT the allocation of resources detailed in this report towards the OPEB liability: and
- 6. DIRECT the County Administrator to begin pre-negotiation meetings with County labor representatives regarding the development of possible plans and models for benefit reform.

Although the problem has taken 46 years to develop, Contra Costa County is committed to adopting a plan now to resolve this issue in order to balance obligations to employees, customers of county services and taxpayers and ensure quality of life for all.

The OPEB working group identified three funding sources: 1.) resources available for transfer without reducing benefits or service levels, 2.) reduce and/or change benefits and/or change cost sharing, and/or 3.) reduce service levels or program cuts. Funding source #1 redirects \$588 million as other debts are paid off and revenues freed up. If it were a personal budget, that would be analogous to paying off one's car loan. The monies that would have gone to monthly payments is freed up and then transferred.

Today's Board vote authorized the County Administrator to begin an employee outreach and education campaign as well as to solicit funding ideas from employees. The county will be discussing ideas with employees over the next few months. The County asks employees, or any other interested stakeholders, to email comments to: opeb@cao.cccounty.us.

Finally, the County is committed to preserving health, safety and public welfare programs and services. This is the core business of the county and Contra Costa is obligated to balance the funding for these efforts with the need to plan for the potential OPEB liability.